

State Fiscal Recovery Funds: Management and Oversight

Presented by:
CA Department of Finance

July 15, 2021



HIGHLIGHTS OF TODAY'S WEBINAR

Research and Analysis Unit (RAU)

- ▶ Reporting, Management, and Oversight of Federal State Fiscal Recovery Funds

Fiscal Systems and Consulting Unit (FSCU)

- ▶ Financial Management and Expectations for Fiscal Managers
- ▶ Tracking Funds - Accounting

Office of State Audits and Evaluations (OSAE)

- ▶ Identifying and Managing Risks
- ▶ Single Audit Requirements
- ▶ Questions



ELIGIBLE USES OF FUNDS

The Budget framework for \$27 billion in State Fiscal Recovery Funds includes the following authorized by federal law/guidance:

- ▶ Address public health impacts, including response to COVID (\$1.8 B)
- ▶ Address economic and disproportionate impacts on households, individuals, businesses, and industries (\$12.2 B)
- ▶ Replace lost state revenue—support government services (\$9.2 B)
- ▶ Invest in broadband infrastructure (\$3.8 B)



FEDERAL FRAMEWORK FOR REPORTING

State's are expected to use funds to support a speedy, equitable, transparent, and accountable recovery.

- ▶ **Accountable:** Ensure recipients fulfill compliance responsibilities and use funds as intended.
- ▶ **Transparent:** Provide data to the public on how the funds were used and outcomes that are achieved.
- ▶ **User Friendly:** Provide as easy and efficient a user experience as possible.



ELIGIBLE COST TIMEFRAME (SPEEDY)

- ❖ ARPA specifies eligible costs incurred between March 3, 2021 and December 31, 2024
 - ▶ Fully obligated by December 31, 2024: All contracts, deliverables, agreements must be in place by this date
 - ▶ Spent (liquidated) by December 31, 2026
- ❖ 2021-22 Budget Act (Control Section 11.96) specifies the following to allow time to reallocate unspent funds:
 - ▶ Spent by June 30, 2024; unless reasonable plan to fully obligate by December 31, 2024
 - ▶ Funds not encumbered by August 1, 2024 may be reallocated
 - ▶ If plan was approved previously, then all obligations liquidated and funds spent by December 31, 2026



CONTROL SECTION 11.96 – ADDITIONAL FLEXIBILITY

- ❖ Interest available for unanticipated workload – up to \$10 million
- ❖ Funds may be transferred between state operations, local assistance, and capital outlay to support implementation
 - ▶ Must be for the same programmatic purpose appropriated by Legislature
 - ▶ Finance may authorize the establishment of positions
- ❖ Funds may be allocated to offset/reduce appropriations in 2020-21 and 2021-22 (primarily disaster response)
- ❖ Finance may authorize an augmentation to conduct an audit or address audit findings
- ❖ Annual report to the Legislature beginning February 1, 2022



MANAGING CASH AND DEPARTMENT PROGRESS

- ❖ All departments will need to provide information on the timing of payments related to various programs.
 - ▶ Similar to General Fund cash flow and bond funded programs
 - ▶ Later in July (first cash flow projection); updated with Governor's Budget
- ❖ Many programs will take time to plan and implement before funds are needed
- ❖ Regular reporting and progress updates will be necessary
- ❖ Allowable costs paid as activities are complete
- ❖ Coordinate timing of payments with STO/SCO



ADMINISTRATIVE REQUIREMENTS (ACCOUNTABILITY)

- ❖ “State” is the Prime Recipient
- ❖ Sub-recipient – Any entity that receives funds from the State
- ❖ Federal Uniform Requirements apply to these funds
 - ▶ Allowable costs/cost principals, cash management, eligibility
 - ▶ SAM.gov Requirements
 - ▶ Sub-recipient monitoring
 - ▶ Recordkeeping Requirements
 - ▶ Single Audit
 - ▶ Civil Rights Compliance
- ❖ Competitive bidding (or obtaining more than one estimate) is required
- ❖ Contract provisions must be consistent with the basic timeline/framework detailed in Control Section 11.96.



RISK MANAGEMENT

STATE ENTITY RESPONSIBILITIES



RISK MANAGEMENT: YOUR RESPONSIBILITIES AS A RECIPIENT / PASS-THROUGH ENTITY



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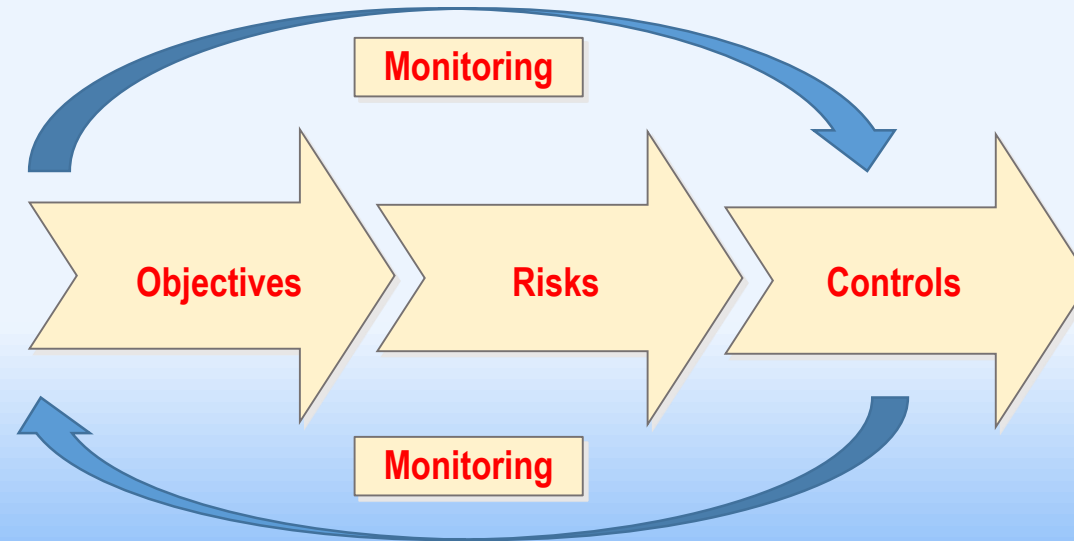


BENEFITS OF EFFECTIVE RISK MANAGEMENT

- Identify, communicate, and mitigate risks
- Monitor processes to identify areas for improvement
- Respond proactively vs. reactively

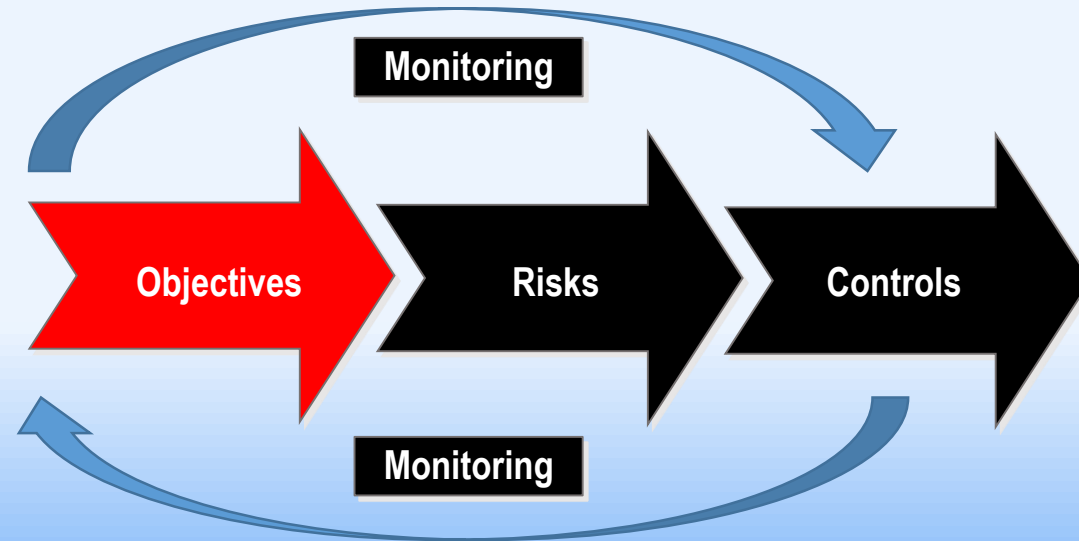


RISK MANAGEMENT PROCESS



1. **Objectives** – What are you aiming to accomplish?
2. **Risks** – What can stop you from achieving your goal?
3. **Controls** – What will you do to ensure success?
4. **Monitoring** – How do you know if it's working?

RISK MANAGEMENT PROCESS



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SMART OBJECTIVES

- **S**pecific
- **M**easurable
- **A**chievable
- **R**ealistic
- **T**imely



IN DEVELOPING YOUR OBJECTIVES CONSIDER:

1. Clearly articulated using SMART?
2. Documented?
3. Communicated to your team?
4. Follow up?



COMMUNICATION POINTERS

- Communicate early and often
- Follow up on information that was communicated
 - Ensure that communication loop is closed
- Request feedback
- Establish the how for communication
 - Methods
 - Frequency

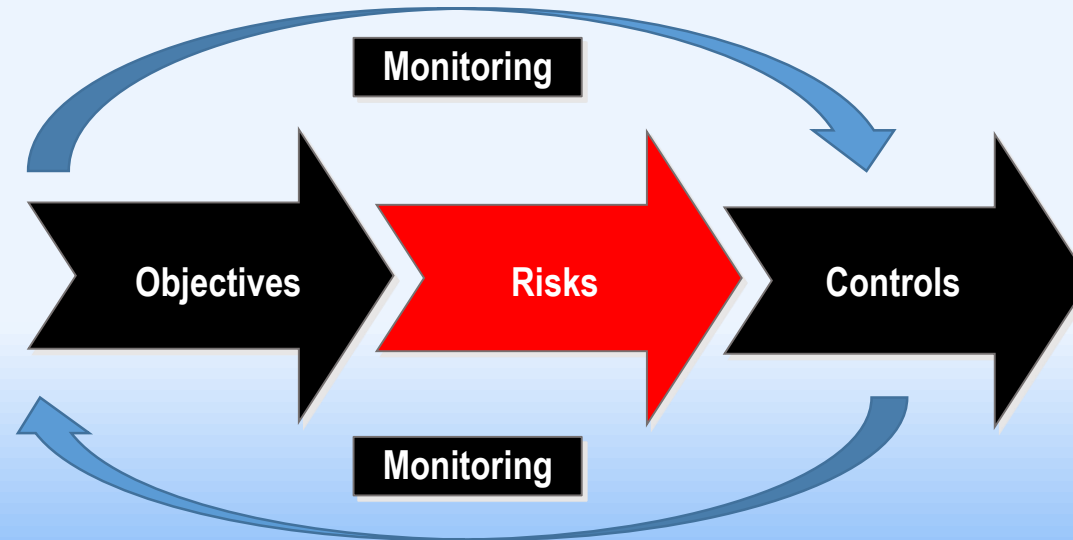


SOME RISK MANAGEMENT OBJECTIVES

1. Effective & Efficient Operations
2. Timely & Accurate Reporting
3. Compliance Addressed



RISK MANAGEMENT PROCESS



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RISK



WAYS TO IDENTIFY RISK

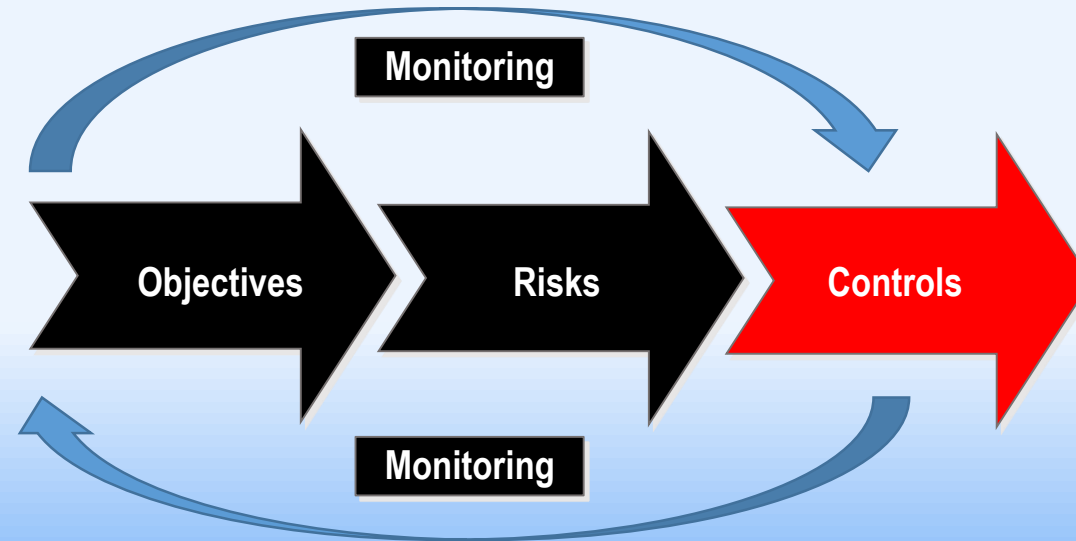


EXAMPLES OF RISK

- Mixed award types may require different management approach
- Sub-recipient vs. contractor/vendor determination
- Multiple award dates
- Match requirements
- Accounting system limitations
- Tracking system limitations
- Contract processing time
- Procurement delays
- Sub-recipients don't report timely
- Sub-recipients don't report accurately
- Lack of knowledgeable staff to implement program
- Updates / changes to any of the above



RISK MANAGEMENT PROCESS



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CONTROLS



RESPONSE / SOLUTION DEVELOPMENT PROCESS

YOU IDENTIFY THE NEED FOR A CONTROL

- Design
- Implement
- Functioning as intended
 - testing & evaluating
- Integrate—linked / coordinated



TYPES OF RESPONSE / SOLUTION

- Preventative
 - prevents something from happening
- Detective
 - finds problem once it has occurred
- Corrective
 - repairs or restores resources and capabilities to their prior state



CONTROL EXAMPLES





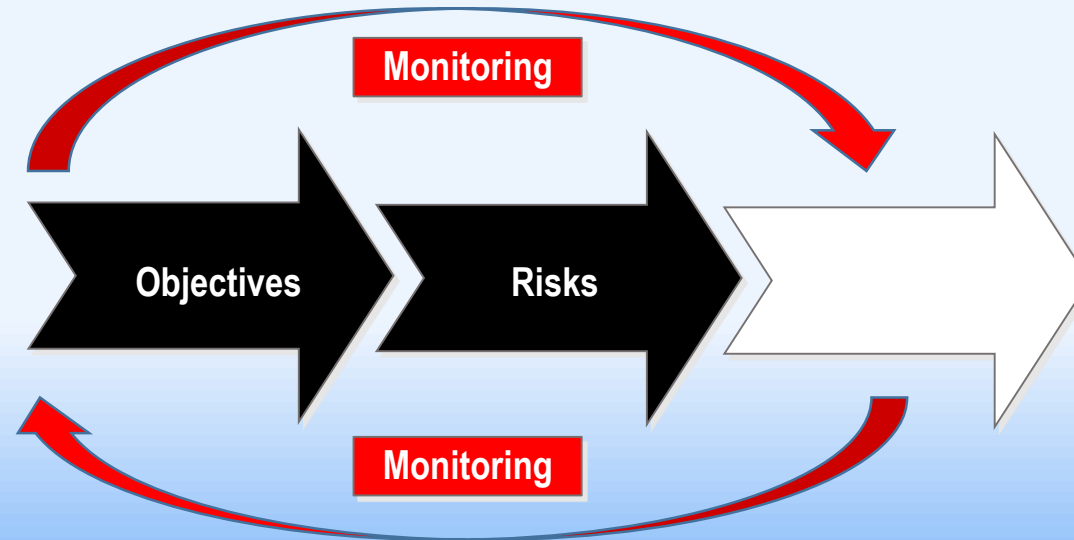
U.S. DEPARTMENT OF THE TREASURY

Table 1: Internal controls best practices

Best Practice	Description	Example
Written policies and procedures	Formal documentation of recipient policies and procedures	Documented procedure for determining worker eligibility for premium pay
Written standards of conduct	Formal statement of mission, values, principles, and professional standards	Documented code of conduct / ethics for subcontractors
Risk-based due diligence	Pre-payment validations conducted according to an assessed level of risk	Enhanced eligibility review of subrecipient with imperfect performance history
Risk-based compliance monitoring	Ongoing validations conducted according to an assessed level of risk	Higher degree of monitoring for projects that have a higher risk of fraud, given program characteristics
Record maintenance and retention	Creation and storage of financial and non-financial records.	Storage of all subrecipient payment information.



RISK MANAGEMENT PROCESS



1. **Objectives** – What are you aiming to accomplish?
2. **Risks** – What can stop you from achieving your goal?
3. **Controls** – What will you do to ensure success?
4. **Monitoring** – How do you know if it's working?

MONITORING DEFINITION

- a check
- a control on a control



MONITORING TECHNIQUES

- Checkpoints
- Milestones
- Metrics

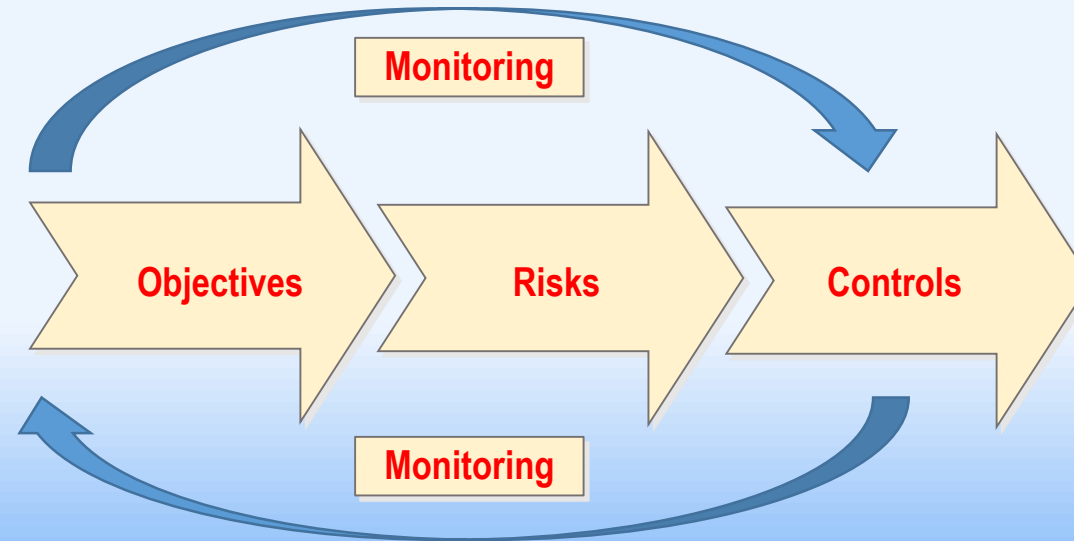


MONITORING TOOLS

Compliance Summary
Site Visit
Report
Ride A Long
Reconciliation
Surprise Inspection



RECAP



1. **Objectives** – What are you aiming to accomplish?
2. **Risks** – What can stop you from achieving your goal?
3. **Controls** – What will you do to ensure success?
4. **Monitoring** – How do you know if it's working?

SINGLE AUDIT ACT

STATE ENTITY RESPONSIBILITIES



OVERVIEW

- ▶ Single Audit Act Requirement
- ▶ Audit Framework
- ▶ Entity Reporting Responsibilities for Federal Expenditures

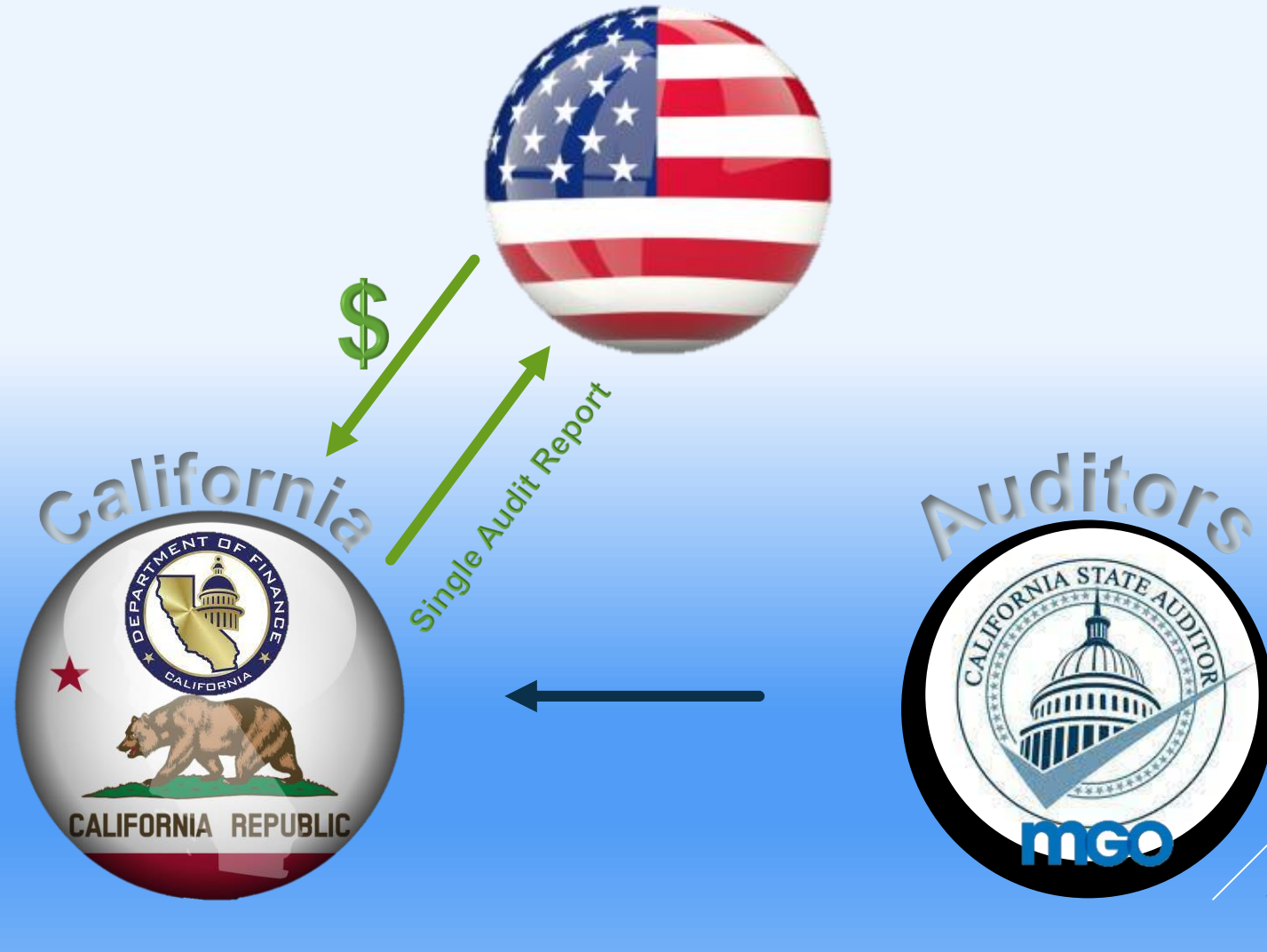


SINGLE AUDIT ACT REQUIREMENT

1. Non-federal entity that expended \$750,000 or more in federal awards must undergo an annual audit.
2. Audit must be conducted by an independent auditor.
 - California = one non-federal entity
 - California's 3-year average = \$95 billion
 - California state entities = automatically subject to an annual audit



AUDIT FRAMEWORK



ENTITY RESPONSIBILITIES FOR FEDERAL EXPENDITURES

1. Develop and maintain written policies and procedures for the following:
 - Preparation of the Report of Expenditures of Federal Funds, Report No. 13.
 - Submit expenditures to Finance's Single Audit Expenditure Reporting Database (Database).
 - Development, implementation and monitoring of the corrective action plan (CAP) for audit findings, if applicable.



ENTITY RESPONSIBILITIES FOR FEDERAL EXPENDITURES

2. Submit all federal expenditures to Finance via the Database.
 - a) State entities directly awarded funds by the federal government must report all federal **expenditures**.
 - b) State entities that received federal funds from other state entities **do not** report federal expenditures.
 - c) All federal expenditures reported to Finance must³⁸ be supported by financial reports.



ENTITY RESPONSIBILITIES FOR FEDERAL EXPENDITURES

- d) Report all federal expenditures on a **cash basis**.
 - Cash basis expenditures are defined as expenditures incurred and disbursed as of June 30 regardless of whether federal funds have been received. Cash basis expenditures **do not** include accruals of valid obligations, accrual reversals, encumbrances or receivables as of June 30.



ENTITY RESPONSIBILITIES FOR FEDERAL EXPENDITURES

Calculate correctly the federal awards expended under loan programs

Report federal expenditures under the proper Assistance Listing Numbers (ALN), formerly known as Catalog of Federal Domestic Assistance (CFDA).
(SFRF = 21.027)

Disclose whether the 10 percent de minimis cost rate is used for indirect costs.



ENTITY RESPONSIBILITIES FOR FEDERAL EXPENDITURES

Address and mitigate Single Audit findings timely.

Monitor corrective actions, and report the status to California Department of Finance (Finance).

Respond timely to all requests from Finance throughout the year.

For any updates or revisions to the information submitted, immediately contact Finance to regain access to the Database for re-entry.



ENTITY RESPONSIBILITIES FOR FEDERAL EXPENDITURES

7. Submit a Management Representation Letter (MRL).
 - Prepare a customized MRL via the database.
 - Have the MRL signed by two authorized signatories, including the state entity Director or designee.
 - Upload the signed MRL into the Database by the established due date.



RECAP

- ▶ Single Audit Act Requirement
- ▶ Single Audit Framework / Roles
- ▶ Entity Reporting Responsibilities for Federal Expenditures



REFERENCES

1. Office of Management and Budget: www.whitehouse.gov/omb
2. Code of Federal Regulations: www.ecfr.gov
3. U.S. General Services Administration Federal Government computer system: www.sam.gov
4. Department of Finance Single Audit Website: www.dof.ca.gov
5. Department of Finance, Single Audit Hotline: OSAESingleAudit@dof.ca.gov
6. Single Audit Reports: <https://dof.ca.gov/Programs/OSAE/>
7. Single Audit Expenditure Reporting Database: <http://sefa.dof.ca.gov>



FEDERAL UNIFORM GUIDANCE

- ❖ Federal Guidance at 2 CFR Part 200
 - ▶ 200.1 – Definitions
 - ▶ 200.100-200.113 – General Provisions
 - ▶ 200.200-200.216 – Pre-Award Requirements
 - ▶ 200.300-200.346 – Post-Award Requirements
 - ▶ 200.400-200.476 – Cost Principles
 - ▶ 200.500-200.521 – Audit Requirements
 - ▶ Appendix I – XIII - Appendices



FEDERAL UNIFORM GUIDANCE (CONTINUED)

❖ **Procurements** (2 CFR 200.317 - 200.327)

- ▶ Procurement transactions for property or services must allow for full and open competition consistent with standards in 2 CFR 200.320. Non-competitive procurements may only be allowed if:
 - Item is only available from a single source
 - An emergency exists that will not permit a delay
 - Competition is determined to be inadequate

❖ **Sub-Recipient Monitoring** (2 CFR 200.330 – 200.332)

- ▶ Requires prime recipients [each state agency that disburses these funds] of federal funds to monitor subawards to ensure subrecipients meet the audit requirements and use funds in accordance with applicable laws, regulations, and terms of the award.
- ▶ Finance will require each department to provide a summary of the planned monitoring of these funds.



LESSONS LEARNED – COVID TRACKING/REPORTING

- ❖ Lack of Consistency across departments
 - ▶ Inconsistent data leads to unreliable reporting
 - ▶ Inability to track information as required

- ❖ Accounting Issues
 - ▶ Accruals not recorded at the department level to reflect Due To/Due From for COVID-19 transfers
 - ▶ Accounting transactions not coded as required in Job Aid 457 for COVID expenditures, receipts and encumbrances
 - ▶ Properly encumbered/obligated funds to avoid loss of stimulus funds



EXPECTATIONS FOR FISCAL MANAGERS

- ❖ Manage, control, and ensure that these federal funds are spent and used appropriately
- ❖ Focus on departmental controls – both administrative and programmatic
- ❖ Establish and communicate clear expectations; lead by example



EXPECTATIONS FOR FISCAL MANAGERS (CONTINUED)

❖ Communication

- ▶ Proactively work with Finance to resolve problems and issues and discuss potential solutions – Actively participate in Task Force
- ▶ Keep Finance informed of changes, including those which could commit the State to a higher level of expenditure or a major change in program
- ▶ Be timely to ensure quality, completeness, and accuracy of all information provided
- ▶ Be mindful of and keep current on all applicable information as it is released

❖ Planning

- ▶ Understand statewide and federal fiscal constraints
- ▶ Subscribe to Audit Memos, Budget Letters, and FI\$Cal Resources for Accounting
- ▶ Communicate information within your department with the staff from programs, accounting, budgeting, and other units as necessary to ensure accuracy and accountability



EXPECTATIONS FOR FISCAL MANAGERS (CONTINUED)

❖ Fiscal Processes

- ▶ Include fiscal staff in decision-making with fiscal impacts
- ▶ Staff fiscal offices with qualified personnel, and provide adequate training
- ▶ Fulfill fund administrator and fund user's responsibilities
- ▶ Communicate information within your department with the staff from programs, accounting, budgeting, and other units as necessary to ensure accuracy and accountability

❖ Program Oversight and Implementation

- ▶ Implement programs in the most fiscally efficient and effective manner
- ▶ Collaborate with other entities to achieve maximum results with limited resources
- ▶ Administer the budget in accordance with all laws, budget control provisions, statewide policies contained in the Statewide Administrative Manual (SAM), federal provisions, and the Governor's policies
- ▶ Make available qualified managers of staff who can represent the department and answer Finance questions (know the program and numbers)



ACCOUNTING/TRACKING FUNDS

❖ Federal and General Accounting/FI\$Cal Requirements

- ▶ Indirect Costs - Costs that are not directly assignable to a program
 - This can include departmental costs related to:
 - ▶ Executive Staff
 - ▶ Information Technology
 - ▶ Accounting Staff
 - ▶ Budget Staff
 - This also includes a fair share of the statewide administrative costs:
 - ▶ Pro Rata (Special Funds)
 - ▶ SWCAP (Federal Funds)

Finance will be working on a process for Fund 8506 assessments



TIMELY ACCOUNTING, CLOSING, AND RECONCILIATIONS

❖ *Good Information In, Good Information Out*

❖ Proper Classification (at time of procurement and/or timely reclassification)

- ▶ FI\$Cal Job Aid 457 – COVID Project Attributes – Departments will use Project Attributes within Project Costing. There will be a standard across all Business Units to aid in reporting. ARPA guidance will be forthcoming.
- ▶ FI\$Cal Job Aid 465 – COVID Project FAQs – This is a helpful tool which includes detail Q&As from the FI\$CalTV Episode 11: COVID-19 Expenditure Tracking. This may be helpful to your PC Processor, or Department Project Processor.

❖ **Related Budget Letters**

- ▶ **BL 21-03** – Tracking COVID-19 Related Costs and Federal Funds
- ▶ **BL 21-04** – Year-End Financial Reporting Requirements
- ▶ **New Budget Letter forthcoming**



REPORTING (TRANSPARENCY)

	1. Interim Report	2. Project & Expenditure Report	3. Recovery Plan
Contents	Initial overview of status & uses of funding	<ul style="list-style-type: none">• Types of projects funded• Financial Data• Information on grants, contracts, and subawards over \$50,000	<ul style="list-style-type: none">• Approach and objectives• Descriptions of funded projects• Performance and evidence information• Promoting equity
Frequency & Submission Date	<ul style="list-style-type: none">• One-time• By August 31, 2021• Covers date of award through July 31, 2021	<ul style="list-style-type: none">• Quarterly• By October 31, 2021 and 30 days after the end of each quarter thereafter	<ul style="list-style-type: none">• Annually• By August 31, 2021 (covering award through July 31, 2021 and annually thereafter)



REPORTING ELEMENTS

- ❖ Initial focus is on Interim Report and Recovery Plan
- ❖ Treasury has identified 66 different expenditure categories
- ❖ Reports must be organized around the delivery of “Projects”
- ❖ Quarterly reports provide a snapshot of “Projects”
 - ▶ Obligations and Expenditures
 - ▶ By “subrecipient” (DUNS number or other unique identifier)
 - ▶ Demographic distribution – physical location of a program or service and intended beneficiaries
- ❖ **Contracts, Grants, Transfers, Direct Payments \$50,000 and above require:**
 - ▶ **Award number, contract number**
 - ▶ **Award date, type, amount and description**
 - ▶ **Primary place of performance (address)**
 - ▶ **Start/End Dates**
- ❖ ***Systems and processes must be developed to support this level of reporting***



EXPENDITURE CATEGORIES

- ❖ An Expenditure Category (EC) is part of the coding system outlined by US Treasury to track ***how funding is used***
- ❖ Some categories require additional programmatic data
 - ▶ Pre-defined by Treasury
 - ▶ Identified by states in the Performance Plan (outputs and outcomes)
- ❖ Departments need to determine which categories their projects fall under consistent with the enacted Budget (coordinate with Budget Analyst):
 - 1 – Address Public Health Impacts
 - 2 – Address Economic Impacts
 - 3 – Services to Disproportionately Impacted Communities
 - 4 – Infrastructure (Broadband)
 - 6 – Revenue Replacement
- ▶ Descriptions should also include information about how these funds are integrated with other programs funded in ARPA such as Emergency Rental Assistance, Housing Assistance, etc.



PROJECTS

- ❖ Expenditures must also have a Project assigned
- ❖ Projects are closely related activities toward a common purpose/goal
 - ▶ For tracking it may make sense to be more granular
 - ▶ How can FI\$Cal be leveraged to support reporting; other systems?
- ❖ Each project must align to one Expenditure Category
- ❖ Project descriptions must include sufficient detail for major activities
 - ▶ Between 50 – 250 words
- ❖ States have flexibility to define projects:
 - ▶ Projects break down an expenditure category into more detail
 - ▶ Required to provide a sufficient level of detail to report on metrics.
Must also support any required program (outcomes) reporting
- ▶ ***Finance may reassign projects based on data reported by departments.***



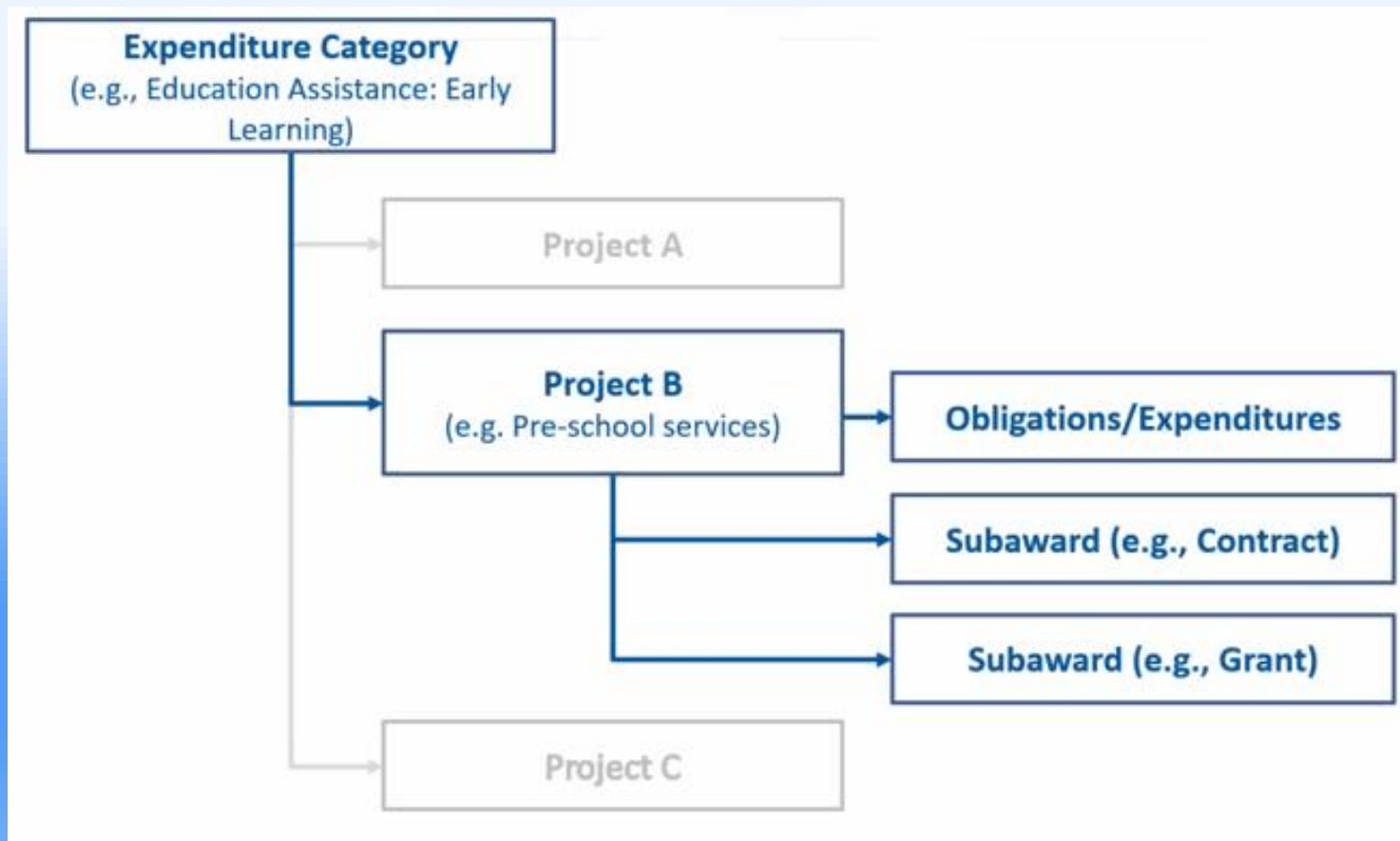
SAMPLE EXPENDITURE CATEGORY

1: Public Health	
1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10	Mental Health Services*
1.11	Substance Use Services*
1.12	Other Public Health Services

See Appendix A of Compliance and Reporting Guidance for the full list of ECs



RELATIONSHIPS BETWEEN EXPENDITURE CATEGORIES AND PROJECTS



RECOVERY PLAN (TRANSPARENCY)

Narrative description of how funds will be used

- Executive Summary
- Use of Funds
- Promoting Equitable Outcomes
- Community Engagement
- Labor Practices
- Use of Evidence

Project inventory

- Table of Expenses by Expenditure Category
- Project Inventory

Program data and performance indicators

- Performance Report
- Required Performance Data
- Ineligible Activities: Tax Offset Provisions

Due to the US Treasury August 31, 2021 – Must be posted on public website



WHAT IS REQUIRED FROM DEPARTMENTS?

- ❖ A template will be e-mailed to capture key information from departments
- ❖ Primary point of contact(s) for project
 - ▶ **Who would Finance call first if we have questions?**
- ❖ Project names, descriptions, details of funding (ARPA + other fund sources)
 - ▶ Include a summary of the target population (particularly important for disproportionate impacts)
- ❖ Recommended Expenditure Category (Finance may revise)
- ❖ Anticipated project outcomes and outputs (both required and user defined)
- ❖ Equity strategies, if applicable
- ❖ Community/Stakeholder Engagement, if applicable
- ❖ Project demographic distribution, if applicable



TEMPLATE – ONE TAB PER PROJECT

3. Project Information					
Project Name		Short Name - Projects are new or existing eligible government services or investments funded in whole or in part by the Coronavirus Fiscal Recovery Fund of 2021.			
Project Description (Short, succinct)		Short Description (used for federal reporting requirements) - Project descriptions must describe the project in sufficient detail to provide understanding of the major activities that will occur, and should highlight programmatic impacts on efficient and equitable outcomes. Projects should be scoped to align to a single Expenditure Category. <i>(Must be between 50-250 words).</i>			
Project Description (Long)		Select from drop down This description should be specific to the expenditure category (1, 2, 3, or 5) and should build upon what you have provided in the short description. Choose the category from the drop down list on the left and then provide a project description that addresses the strategies used to maximize programmatic impact, effective, efficient, and equitable outcomes, and how the funds affect the targeted populations (individuals, households, businesses). <i>(Must be less than 350 words).</i>			
1. Expenditure Category	Select from drop down	2. Expenditure Subcategory	Select from drop down		



STRATEGIES EMPLOYED – EQUITABLE OUTCOMES

- ❖ States are required to describe efforts to promote equitable outcomes.
- ❖ Treasury encourages use of funds to promote strong, equitable growth, including racial equity.
- ❖ Descriptions should consider:
 - ▶ **Goals** related to certain groups
 - ▶ **Awareness of services** available/funded by the state
 - ▶ **Access and Distribution** to address potential disparities
 - ▶ **Outcomes** focused on addressing/closing gaps
- ❖ Two Expenditure Categories require more information (EC 2/3)



TEMPLATE – PERFORMANCE INDICATORS

- ❖ Departments must identify outcomes and outputs for each project
- ❖ Must be measurable and realistically achievable and will be updated **annually** in the required performance report.

6A. Performance Indicators (State Defined)						
Performance indicators should include 3-5 outcome and output measures. Outcome measures describe progress toward policy goals, such as changes in the positivity rate. Output measures provide valuable information about the early implementation stages of a project, such as the number of vaccinations or vaccination sites.						
	OUTCOMES				Baseline	Target
	Outcome 1	Example: Increase awareness of Coronavirus prevention Example: Decrease rate of hospitalization due to COVID-19 Example: Decrease death rate due to severe COVID-19				
	Outcome 2					
	Outcome 3					
	Outcome 4					
	Outcome 5					
	OUTPUTS				Baseline	Target
	Output 1	Example: Number of individuals vaccinated Example: Number of hospitalizations prevented Example: Number of deaths prevented				
	Output 2					
	Output 3					
	Output 4					
	Output 5					



REQUIRED PROGRAMMATIC DATA (Page 19 of Guidance)

Household Assistance (EC 2.1-2.5):

- ▶ Brief description of structure and objectives of assistance program(s)
- ▶ Number of individuals served
- ▶ Brief description of recipient's approach to ensuring that aid to households responds to a negative economic impact of Covid-19, as described in the Interim Final Rule

Small Business Economic Assistance (EC 2.9):

- ▶ Brief description of the structure and objectives of assistance program(s)
- ▶ Number of small businesses served
- ▶ Brief description of recipient's approach to ensuring that aid to small businesses responds to a negative economic impact of COVID-19, as described in the Interim Final Rule



REQUIRED PROGRAMMATIC DATA (CONTINUED)

Aid to Travel, Tourism, and Hospitality (EC 2.11-2.12):

- ▶ Brief narrative description of how the assistance provided responds to negative economic impacts of the COVID-19 pandemic
- ▶ For each subaward:
 - ▶ Sector of employer (Note: additional detail, including list of sectors to be provided in a users' guide)
 - ▶ Purpose of funds (e.g., payroll support, safety measure implementation)



REQUIRED PERFORMANCE INDICATORS (Page 28 of Guidance)

Household Assistance (EC 2.2 & 2.5) and Housing Support (EC 3.10-3.12):

- ▶ Number of people or households receiving eviction prevention services (including legal representation)
- ▶ Number of affordable housing units preserved or developed

Negative Economic Impacts (EC 2):

- ▶ Number of workers enrolled in sectoral job training programs
- ▶ Number of workers completing sectoral job training programs
- ▶ Number of people participating in summer youth employment programs



TEMPLATE – TREASURY DEFINED DATA

- ❖ Departments must report quarterly on required programmatic data elements identified by US Treasury

6B. Performance Indicators/Programmatic Data (Treasury Defined)					
If your project is in specified categories (2.1-2.14, 3.1-3.12) you must include the performance indicators required by Treasury (see page 28 of the SLFRF Compliance and Reporting Guidance). In addition, Programmatic Data in specified expenditure categories (1.0, 2.1-2.5, 2.9, 2.11-2.12, 2.14, 3.1-3.5) must be included below (see page 19 of the SLFRF Compliance and Reporting Guidance).					
Indicators				Baseline	Target
Indicator / Prog. Data	Copy/Paste relevant performance indicator/programmatic data.				
Indicator / Prog. Data	Copy/Paste relevant performance indicator/programmatic data.				
Indicator / Prog. Data	Copy/Paste relevant performance indicator/programmatic data.				
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Indicator / Prog. Data	Copy/Paste relevant performance indicator/programmatic data.				



COMMUNITY ENGAGEMENT

- ❖ Describe how the project incorporates input that captures diverse feedback from:
 - ▶ Constituents
 - ▶ Community-based organizations
 - ▶ Associations (CSAC, League, Disability Rights, etc.)
 - ▶ Communities
- ❖ Engagement can be formal (workgroup) or informal
- ❖ Could include discussions and engagement during the budget development process
- ❖ Does trailer bill require additional input?
- ❖ If applicable, describe how funds are building capacity of community organizations to serve people with significant barriers to services?



PROJECT DEMOGRAPHIC DISTRIBUTION

- ❖ For projects to qualify as serving a **disproportionately impacted** community, recipients must identify one of the four criteria:
 - ▶ The project is provided at a physical location in a Qualified Census Tract (QCT)
 - ▶ Primary intended beneficiaries live within a QCT
 - ▶ Project eligibility designed so that primary beneficiaries earn less than 60 percent of the median income (this is part of the QCT definition)
 - ▶ Project eligibility designed so that over 25 percent of the intended beneficiaries are below the federal poverty line (this is part of the QCT definition)
- ❖ Applies to Expenditure Categories 1.1, 1.2, 2.1-2.5, 2.7, 2.9, 2.13, and 3.1-3.16
- ❖ Look up tables for CA Qualified Census Tracts



LABOR PRACTICES

- ❖ Infrastructure projects require information regarding labor practices (this information will be required annually and in quarterly reports for projects over \$10 million):
 - ▶ Use of project labor agreements
 - ▶ Community benefits agreements
 - ▶ Subject to prevailing wage requirements
 - ▶ Use of local hiring practices
- ❖ Identify relevant labor practices, if applicable
- ❖ A follow-up meeting with those departments affected by these requirements will be scheduled at a later date
- ❖ Finance will also consult with the Labor Agency and DIR to discuss this topic



REQUIRED DATA - ALL INFRASTRUCTURE PROJECTS

(Page 21 of Guidance)

- ❖ Departments must report **quarterly** on required programmatic data elements identified by US Treasury
 - ▶ Projected/actual project start date?
 - ▶ Projected/actual initiation of operations date?
 - ▶ Location (for broadband, geospatial location data)
- ❖ For projects with budgets of at least \$10 million, the following also applies:
 - ▶ Labor practices data from prior slide
 - ▶ If not receiving prevailing wages, provide data regarding the labor and employment practices of the project, including wages, the number of employees hired directly and through a contractor.
 - ▶ For projects without a project labor agreement, provide a project workforce continuity plan detailing how the project has ready access to a sufficient supply of labor and how risks to the project will be minimized.

A separate template will be provided for Infrastructure Project Data



REQUIRED DATA FOR BROADBAND PROJECTS

(Page 22 of Guidance)

- ❖ Departments must report **quarterly** on required programmatic data elements identified by US Treasury
- ❖ Speeds/pricing tiers to be offered, including the speed/pricing of its affordability offering; technology to be deployed
- ❖ Miles of fiber, costs per mile/passing
- ❖ Number of households projected to have increased access to broadband meeting speeds of at least 25 Mbps download and 3 Mbps upload
- ❖ Number of institutions and businesses projected to have increased access to broadband speeds of at least 25 Mbps download and 3 Mbps upload, in each of the following categories:
 - ▶ Business, small business, elementary school, secondary school, higher education institution, library, healthcare facility, and public safety organization



COMPLIANCE AND POTENTIAL CONSEQUENCES

- ❖ Increased Audits for Stimulus Funds including OIG Task Force
- ❖ Delayed/Inaccurate Financial Reporting
 - ▶ Inability to provide timely and accurate financial reports may adversely impact the Annual Comprehensive Financial Report, Single Audit and bond disclosure requirements, which will impact subsequent disclosures
 - ▶ Could invite greater scrutiny of California's financial practices and reporting, and potentially increase borrowing costs
- ❖ Loss of Federal Funds
 - ▶ Unspent or unobligated funds will be reallocated or returned to US Treasury
 - ▶ Period of performance must be adhered to



DEADLINES AND RESOURCES

- ❖ **July 28** – Project templates due to Finance Budget Analyst
 - ▶ Finance is evaluating the use of a portal to capture this data
- ❖ **August 2** – Project templates due to Research and Analysis Unit
- ❖ TBD – Infrastructure and Broadband Templates due to Finance
- ❖ Mid August – Draft report will be circulated for Task Force review
 - ▶ Very tight deadlines with federal schedule and time for Executive review
- ❖ Contact your Finance Budget Analyst for specific program-related questions and how to assign your program/project within the 66 Expenditure Categories.
- ❖ **For all other questions related to US Treasury reporting requirements, contact FiscalRecovery@dof.ca.gov**



TREASURY AND OTHER FEDERAL RESOURCES

- ❖ US Treasury's State and Local Fiscal Recovery Funds Reporting and Compliance document
- ❖ US Treasury's State and Local Fiscal Recovery Funds FAQs (continually updated)
- ❖ US Treasury's Interim Final Rule
- ❖ US Treasury's State and Local Fiscal Recovery Funds Fact Sheet
- ❖ US Chief Financial Officers Council's Program Integrity: The Antifraud Playbook, which provides an overview of practical and actionable guidance to reduce fraud risk
- ❖ US Government Accountability Office's Standards for Internal Control in the Federal Government ("Green Book")
- ❖ ***Still awaiting: Compliance and Reporting User Guide***



FSCU FUNCTIONS, RESPONSIBILITIES, & RESOURCES

- ❖ Finance is charged with setting statewide fiscal and accounting policies pursuant to Government Code sections 13300 and 13310 respectively.
 - ▶ **Consulting and Training** – FSCU is charged with providing fiscal and accounting guidance and training to state department in accordance with Government Code (GC) sections 13310 and 13344
 - ▶ **Uniform Codes Manual** – GC section 13300 mandates that Finance develop, install, and supervise a modern and complete system of accounting for each state agency/department charged with handling public monies
 - ▶ **State Administrative Manual (SAM)** – statewide fiscal and accounting policies are contained in SAM sections 7110 - 19464
 - ▶ **Fund Reconciliation** – the reconciliation of fund balances between accounting and budget is required under GC sections 12460 and 13344
 - ▶ **FI\$Cal Department Support** – FSCU provides department support for FI\$Cal related transactions



RESOURCES AND CONTACTS

- ❖ Research and Analysis Unit Contact
 - ▶ **Email** – FiscalRecovery@dof.ca.gov
- ❖ Office of State Audits and Evaluations contact
 - ▶ **Email** – SLAAHotline@dof.ca.gov
- ❖ Fiscal Systems and Consulting Unit Hotline – Provides accounting policy and guidance
 - ▶ **Email** – fscuhotline@dof.ca.gov
 - ▶ **Phone** – (916)324-0385
- ▶ Statewide Cost Allocation & Indirect Cost Rate Proposals
 - ▶ **Email** – fiprowp@dof.ca.gov
 - ▶ [SWCAP / Pro Rata Departmental Overview](#)
 - ▶ [Indirect Cost Rate Proposal Overview](#)

